

COMMONWEALTH OF KENTUCKY

BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF DOE VALLEY UTILITIES, INC.,)
A KENTUCKY CORPORATION, FOR AN ORDER PURSUANT)
TO CHAPTER 278 OF THE KENTUCKY REVISED STATUTES)
FOR A CERTIFICATE OF APPROVAL OF CONSTRUCTION)
PERMIT AUTHORIZING AND PERMITTING SAID APPLICANT)
TO CONSTRUCT ADDITIONAL WASTE WATER TREATMENT)
FACILITIES AND WATER LINES AND SANITARY SEWER)
COLLECTION TO SERVICE THE RESIDENTS OF THE DOE)
VALLEY SUBDIVISION)

CASE NO. 7487

O R D E R

Preface

On June 11, 1979, Doe Valley Utilities, hereinafter referred to as the Utility, filed with this Commission its duly verified application seeking a Certificate of Public Convenience and Necessity authorizing and permitting the construction of additional waste water collection and treatment facilities, additional water lines and a water storage tank for the private residential community of Doe Valley, Meade County, Kentucky.

The matter was set for hearing at the Commission's offices in Frankfort, Kentucky, on July 24, 1979. All parties of interest were notified and no protests were entered.

A copy of a letter from the Division of Water Quality of the Kentucky Department for Natural Resources and Environmental Protection approving the plans and specifications is on file with this Commission.

Pursuant to the conclusion that all requested information and other pertinent matters have been filed, the entire matter is now considered to be fully submitted for a final determination by this Commission.

Findings In This Matter

The Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and finds:

1. That public convenience and necessity requires construction of the proposed additional sewage collection and treatment facilities, the proposed additional water lines and water storage tank in the area set forth by the application and exhibits filed in the record in this matter. Further, that said certificate should be granted.

2. That the Utility is developing 376 lots known more specifically as Section VIII of Doe Valley.

3. That the construction project proposed by the Utility consists of the addition of a 100,000 GPD extended aeration sewage treatment plant to its existing 50,000 GPD sewage treatment plant, sewers for 376 lots, water lines for 376 lots and an elevated water storage tank; all at an estimated total project cost of \$1,181,300.

4. That from the record and exhibits filed in this matter, the Utility will finance the project cost of approximately \$1,181,300 by utilizing \$87,500 of the Utility's escrow account and by securing a \$1,093,800 loan from the development corporation, Doe Valley, Inc. Further, that the Utility plans to recover the total cost of this project by means of apportionment of the costs thereof in the sale price of the lots within Doe Valley. Further, that the Commission should make no additional findings regarding the Utility's proposed financing other than that said financing should not have any adverse effect on its customer's rates or the Utility's ability to continue to provide sewage disposal services and water services to its customers.

5. That the Utility should provide this Commission with duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed. Further, that the documents filed should clearly separate the costs for major components of the system as follows: (1) the collection system with a breakout for lift stations; (2) the sewage treatment plant; and (3) the water lines and (4) the water storage tank.

6. The record in this matter shows that a sewer connection fee of \$400 has been collected by the Utility from those lot holders that are connected to the sewage collection system. The Utility is hereby reminded that it is the policy of this Commission to prohibit the collection of such fees from residential customers assuming an obligation for payment of a monthly sewer bill to an investor owned sewage utility. This Utility has testified that the cost of its proposed construction project is to be recouped by means of apportionment of said cost in the sale price of the lots that are to be provided with sewage disposal service. The Commission is of the opinion that the customer who has paid for sewer construction at the time of lot purchase should not be again charged for sewers when said lot is connected to the sewer

main. Further, that the Utility should discontinue the collection of sewer connection fees from the purchasers of its developed lots.

7. That within sixty (60) days of the date of substantial completion of this construction, the Utility should require the Engineer to furnish this Commission with a copy of the "As-Built Plans" and a certification that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

Orders In This Matter

The Commission, on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY ORDERS that the Utility be and it is hereby granted a Certificate of Public Convenience and Necessity to construct additional waste water collection and treatment facilities, water lines, and a water storage tank in the area set forth in the application and in accordance with the contract plans and specifications for this project.

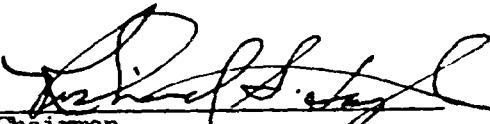
IT IS FURTHER ORDERED that the Utility shall file with this Commission a duly verified document or documents which show the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within sixty (60) days of the date that construction is substantially completed. Further, that the documents filed shall clearly separate the cost for major components of the system as follows: (1) the collection system with lift stations shown separately; (2) the sewage treatment plant; (3) water lines and (4) the water storage tank.

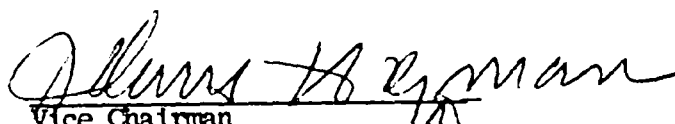
IT IS FURTHER ORDERED that the Utility shall cease the collection of sewer hookup fees from purchasers of lots within the Doe Valley Subdivision in accordance with Finding 6 as previously set forth herein.

Nothing contained herein shall be construed as a finding of monetary value for rate-making purposes or deemed a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the financing authorized herein.

Done at Frankfort, Kentucky, this 1st day of August, 1980.

UTILITY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary